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NEC BRIEFING

11 June 1957

CURRENT STATUS OF TURKEY

- I. Turkey is politically stable, and Prime Minister Menderes' Democratic Party will probably win substantial majority in next elections (scheduled for May 1958).
 - A. However, Menderes is considering moving elections up to September 1957, as situation now seems favorable.
 1. The opposition is seriously divided, and Menderes currently has the support of the head of the major opposition Republican Peoples Party.
 2. West German economic interests have just given Menderes a "vote of confidence" by proposing substantial investments in Turkey.
 3. He has probably improved farm support by increasing the support price of wheat.
 4. Urban development program in Istanbul, sponsored by Menderes, is beginning to show results.
 5. Crop prospects have also improved.
 - B. Adverse factors may offset much of his advantage by Spring.
 1. The price support program and increased foreign investment will increase inflation--already critical.
 2. The opposition Freedom Party is making serious inroads in provincial areas.
- II. Turkey's main domestic problem is economic overextension--long-term development financed by short-term loans.
 - A. Other economic difficulties include:

DOCUMENT NO. _____
NO CHANGE IN CLASS. (1)
DECLASSIFIED
CLASS. CHANGED TO: TS S (1) 1980
NEXT REVIEW DATE: _____
AUTH. HQ TO: 2
DATE: 1/16/80 REVIEWER: 372044

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1. Defense outlays equal to 23.3 percent of the budget.
2. A foreign exchange deficit exceeding \$220,000,000.
3. Serious shortages of raw materials, spare parts, and essential commodities.
4. Inflation--The Turkish lira, worth officially about 35 cents, is worth only 8 cents on the "curb."

B. Ankara has rebuffed the advice of Washington and the International Monetary Fund to devalue its currency.

1. It has taken the half-way measure of initiating a multiple exchange rate.

III. Turkey's main foreign concern is to prevent nearby Cyprus from becoming united with Greece.

A. Greek efforts to acquire Cyprus from Britain have brought Ankara to adopt an either-or policy--demanding status-quo or partition.

1. Turkish public opinion favors partition.

B. Ankara's attitude hardened in March when the British released Cypriot Archbishop Makarios from exile.

C. Greek-Turkish relations are being strained to the breaking point and strict security measures have been necessary to prevent unfortunate incidents.

IV. Nevertheless, Turkey remains firmly aligned with the West and regards itself as the essential link between NATO and the Baghdad Pact regions.

A. It regards itself as the primary promoter of Western interests in the Middle East.

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- B. Ankara continues to rebuff Soviet overtures for extensive economic assistance and cultural exchanges.**
- 1. Turkish-Soviet relations are "cool but correct."**
 - 2. Turkey is aware of its vulnerability to Soviet military might but is not coerced by it.**
- C. Turkey welcomed the Eisenhower Doctrine and US membership in the Military Committee of the Baghdad Pact.**
- D. Relations with Saudi Arabia and Egypt appear to be improving; while relations with Syria remain cool.**